

**MINUTES OF THE
JOINT CAPITAL FACILITIES & GOVERNMENT OPERATIONS
APPROPRIATIONS SUBCOMMITTEE MEETING
WEDNESDAY, JANUARY 16, 2008, 9:00 A.M.
RoomW025, West Office Building, State Capitol Complex**

Members Present:	Sen. Scott K. Jenkins, Committee Co-Chair Rep. Kevin Garn, Committee Co-Chair Rep. Rebecca Chavez-Houck Rep. Stephen Clark Rep. Janice M. Fisher Rep. Fred R. Hunsaker Rep. Gordon Snow Rep. Mark Walker Rep. Bradley A. Winn
Members Excused:	Sen. Mike Dmitrich Sen. Darin Peterson Rep. DeMar “Bud” Bowman
Members Absent:	Sen. Sheldon Killpack
Staff Present:	Steve Allred, Fiscal Analyst Richard Amon, Fiscal Analyst Bonnie Brinton, Committee Secretary
Public Speakers Present:	Steven Fletcher, Executive Director, Department of Technology Services Jeff Herring, Executive Director, Department of Human Resource Management David Hart, Executive Director, Capitol Preservation Board Claudia Jones, legal secretary, Career Service Review Board John Bennett, Executive Director, Quality Growth Commission Gregg Buxton, Director, Division of Facilities Construction & Management Kent Beers, Assistant Director, Division of Facilities Construction & Management Kim Hood, Executive Director, Department of Administrative Services Dave Johnson, Director, Office of State Debt Collections Ken Hansen, Director, Administrative Rules Patricia Smith-Mansfield, Director, Archives

A list of visitors and a copy of handouts are filed with the Subcommittee minutes.

Co-Chair Jenkins called the meeting to order at 9:05 a.m.

Welcome and Introductions

Co-Chair Jenkins announced that Sens. Dmitrich and Peterson and Rep. Bowman had asked to be excused. Rep. Rebecca Chavez-Houck introduced herself and stated that she will be completing Mayor Becker's term. Rep. Bradley Winn introduced himself and listed the areas he is representing. The Co-Chair recognized Rep. Garn as Co-Chair and welcomed him to the Subcommittee.

Approval of Minutes from February 1, 2007

The minutes were not presented for approval because there was not a quorum present.

Staff Briefing - Richard Amon, Fiscal Analyst

Mr. Amon presented an overview of the Base Budget including information on Major Issues, Spending Limit and Prior Budget. He also introduced the booklet titled "Compendium of Budget Information" (COBI) and its contents.

Agency Presentations and Staff Briefings

Department of Technology Services - (DTS) J. Stephen Fletcher, CIO

Director Fletcher presented background information on the Department and an overview of DTS transition in phases. He discussed the advantages of Enterprise IT, including improved management, greater accountability, and increased security. Mr. Fletcher responded to questions from Subcommittee members. The Utah.gov website was explained, which received national accolades.

Rep. Winn complimented Director Fletcher on the excellent service of this Department and encouraged him to continue and expand this service.

The Director presented information on IT Partnership with Agencies including digitization of historical records and artifacts, public meeting notices website, Tax Modernization System and Eligibility Modernization Project. Additional information regarding IT Partnership with Agencies was presented which included Network Upgrade, the Capitol Building IT, Emergency Communications and GIS Services to Local Governments.

Finally, Director Fletcher discussed the FY 2009 Building Block Requests for Agency Partnerships, Enterprise IT Support Initiatives and Geographic Information Services.

Department of Human Resource Management (DHRM) - Jeff Herring, Executive Director

Director Herring presented information regarding the consolidating of the Department. He stated that upon establishing the ISF, DHRM consolidated all human resource employees statewide. Whereas previously most HR staff in the "field" worked for the agency where they were housed, they now work for DHRM. The consolidation should allow for efficiencies by avoiding duplication of effort, particularly in rural or remote locations. Consolidation should also result in better control and coordination over HR functions.

The Director discussed the following goals:

1. Increased customer service
2. Increased efficiency
3. Decreased liability

Co-Chair Jenkins adjourned the Subcommittee for a nine-minute break.

Capitol Preservation Board - David Hart - Executive Director

Director Hart stated that the duties of the Capital Preservation Board are to manage the day-to-day operations of Capitol Hill, including all the buildings and grounds; the first phase of the restoration of the State Capitol; construction of the second phase of the restoration which is a new heat plant and complete the total restoration of the Capitol; and the ongoing remodeling of the East and West buildings.

Rep. S. Clark commended Director Hart on a "great job" and congratulated him on the completion so far of the Capitol building. Rep. Fisher expressed appreciation to Director Hart for his accomplishment. Director Hart responded to questions from Subcommittee members.

Career Service Review Board (CSRB) - Richard Amon, Fiscal Analyst

Analyst Amon presented an overview in the absence of Bob Thomas, Administrator, who is out of town. He stated that the function of the CSRB is to administer the State's grievance and appeals process. The Board hears cases related to decisions about promotions, dismissals, demotions, suspensions, written reprimands, wages, salary, violations of personnel rules, issues concerning the equitable administration of benefits, reductions in force, and disputes concerning abandonment of position. It has no jurisdiction over classification grievances and is required to

send them to the Department of Human Resource Management.

Mr. Amon discussed the accountability steps involved with grievance cases. Claudia Jones, legal secretary, responded to questions from Subcommittee members regarding the issues resolved by this Board.

LeRay McAllister Fund - John Bennett, Executive Director, Quality Growth Council

Mr. Bennett presented an overview and stated that the Utah Growth Commission was established in 1999. It has 13 members appointed by the Governor with the consent of the Senate. He explained that money from this fund must be used to preserve or restore open lands and agricultural lands. The total in the fund may not exceed \$6 million. A county, city, town, department or organization may not receive money from the fund unless it provides matching funds equal to or greater than the amount of money received from the fund. Since Calendar Year 1999 the Quality Growth Act has authorized 73 projects totaling \$17.0 million in McAllister Fund grants.

Director Bennett discussed the disparity between requests vs. appropriations. He stated that requests for funding have consistently outpaced appropriations; even in lean years, requests for funding have outstripped available funds; and total requests are more than double the amount of funds appropriated. He discussed the responsibilities of the Commission and the functions of the LeRay McAllister Critical Land Conservation Fund. He presented a table summarizing the projects from 1999 to the present. The totaling funding is \$16,992,808 and 75,197.91 acres have been protected against development.

Capital Budget - Steve Allred, Fiscal Analyst; Gregg Buxton, Executive Director, and Kent Beers, Assistant Director, Division of Facilities Construction and Management

Mr. Allred stated that Capital developments include renovations or other projects costing \$2,500,000 or more, new facilities costing \$500,000 or more, or real property purchases needing an appropriation for financing. He reviewed statutory authority and explained that the Legislature used \$30 million in ongoing General Funds for capital development projects in the 2007 General Session.

Director Buxton referred the Subcommittee members to a list of requests and ranking of the 2008 General Session Capital Development Prioritization as ranked by Building Board, Board of Regents, and UCAT Board of Trustees. He explained the State Funded Projects and Projects From Other Funding Sources from the 2005 Session through the 2007 Session. An accompanying chart showed the projects, the cost and the status of the projects and included a

summary of the Capital Improvement Appropriations of FY 2006 - FY 2008 projects.

Co-Chair Jenkins commended Director Buxton on the excellent accomplishments of the Division.

Debt Service - Richard Amon, Fiscal Analyst

The Analyst explained that Debt Service is made up of interest and principal due on the state's bonded indebtedness. He stated that the state has a AAA bond rating on its General Obligation Bonds from all three rating agencies. He discussed the State's constitutional debt limit which caps total general obligation debt at 1.5 percent of the value of the State's taxable property. The State's statutory debt limit further limits general obligation debt to 45 percent of the allowable appropriations limit unless approved by more than two-thirds of the Legislature. He stated that over the past seven years the bulk of debt service shifted from buildings to transportation.

Rep. S. Clark asked the Analyst to provide him with a list of the amounts still owed on the bonds the State currently has. Also, the Analyst will provide the Subcommittee members with a breakout of bonding for transportation and buildings.

Office of State Debt Collections (OSDC) - Kim Hood, Executive Director, Dave Johnson, Director Department of Administrative Services

Director Johnson presented information regarding the mission and accountability of the Office. He discussed how state funds were used and the Collections pattern of the past year. The director stated that there will be no appropriation request and no change in service rates are proposed. He explained that the State has \$277 million in outstanding debt, 89 percent of which is made up of Courts and corrections, and 66 percent of the amount owed in court cases are Restitution cases. Thirty-three percent of the cases in the OSDC, which is \$83,809,936.47, has expired or will expire in the next two years.

Subcommittee members were interested in how the Office collected the outstanding debts, and Director Johnson explained that \$238 million has been assigned to collection agencies. They then get from 9.2 percent to 23 percent of the amount collected.

Rep. Fisher offered to carry a bill to assist OSDC in solving collection issues. Director Hood stated that CCJJ is taking action to resolve these issues.

Co-Chair Jenkins announced a break until 2:00 p.m.

Co-Chair Jenkins called the meeting to order at 2:07 p.m.

Director Johnson continued his presentation by reporting as requested by the Subcommittee that the average debt per year for the past three years has been \$51 million per fiscal year with an average of 21,000 cases per fiscal year. He reported that the Office collects an average of from \$4 to \$5 million of debt each fiscal year.

Rep. S. Clark asked Director Johnson to provide the Subcommittee with the amount of debt the Office feels is actually collectible.

Department of Administrative Services - Appropriated - Executive Director Kim Hood

Executive Director Hood presented information regarding the mission and accountability of this Department. She stated that in FY 2007 the expenditures were \$23,081,300 with 163.5 FTEs. Ken Hansen and Sal Petilos were introduced as new deputy directors. Mr. Hansen will continue as director of the Division of Administrative Rules at the present time. Ms. Hood explained the functions of the Executive Director's Office

Division of Administrative Rules - Ken Hansen, Director

Director Hansen discussed the *Utah State Bulletin*, its purpose and method of issuance. He reported that the 2007 Legislature appropriated \$71,500 from Finance Mandated Retirement Benefits program beginning balance to be used for updating the electronic rules filing system. Project delays for this new filing system required the Division to close FY 2007 with a nonlapsing balance of \$129,900, which it will use in FY 2008 to complete the project. The budget request for FY 2009 is \$15,000 GF ongoing for annual software maintenance costs for a new Alfresco eRules software system.

Division of Facilities Construction and Management (DFCM) - D. Gregg Buxton, Director

Executive Director Hood introduced D. Gregg Buxton as the new director of this Division. She explained the mission and accountability of the Division. The FY 2007 actual expenditures was \$4.8 million with 45 FTEs. This Division manages \$1.9 billion in projects, 364 leases with 1.7 million square feet of building space. Director Buxton listed five 2007 DFCM Construction Management Awards given this Division. Budget requests for FY 2009 include 1 new FTE Building Official/Code Inspector at \$107,600 GF and 1 vehicle for Building Official/Code Inspector at \$21,000 GF.

Rep. S. Clark commended this Division for their excellent work and stated that he feels they are understaffed for the responsibilities they have. Director Buxton stated that the Division had asked for three new FTEs though their budget request is only for one FTE.

Director Buxton discussed the State Building Energy Efficiency Program (SBEEP). He stated that this Program has the responsibility to improve energy efficiency and reduce energy costs for State facilities. The FY 2009 budget request for this Program is \$5,515,300 GF/SF.

Division of Archives - Patricia Smith-Mansfield, Director

Executive Director Hood discussed the many functions of this Division. In FY 2007 there were actual expenditures of \$2,298,300 with 28 FTEs. She explained how this money was used to extend the lease at the State Records Center; to help local and regional repositories; to fund the Utah Public Notice Website, to develop an electronic records management business plan; and \$53,500 was used for storage and maintenance of the Division's digital assets.

The FY 2009 budget request is for \$76,400 ongoing GF for Utah Public Notice Website implementation and \$55,000 ongoing GF for Technology Services support.

Division of Finance - John Reidhead, Director

Executive Director Hood stated that the most important function of this Division is to issue the Comprehensive Annual Financial Report (CAFR) to financial managers in other states, bond rating agencies, financial institutions, the public and managers within state government.

Director Reidhead stated that the Division has received an Award of Excellence certificate every year for 22 years. These awards help the state maintain its AAA bond rating. The FY 2009 budget request is \$86,700 Restricted funds for one FTE to address increased workload in Financial Reporting section.

Department of Administrative Services - Internal Services Funds - Kim Hood, Executive Director

Division of Purchasing and General Services - Doug Richins, Director

Director Richins presented background on this Division and stated that it provides a centralized purchasing function for all State agencies. He stated that in FY 2007 the State initiated contract with RFP Depot, Inc. for the new eProcurement system to electronically distribute and receive bids from potential vendors. The Division participates in and manages

several multi-state contracts for the Western States Contracting Alliance--a contracting alliance of fifteen western states. Utah has the lead on data communications, small package delivery, and other types of contracts.

Co-Chair Jenkins suggested investigating the possibility of leasing tires.

Division of Fleet Operations and Surplus Property - Margaret Chambers, Director

Director Chambers explained that the Motor Pool program is tasked with the responsibility to manage the State's fleet assets at the lowest possible cost. Measuring the "cost per mile" for each vehicle class allows the Division to track the cost trends relative to increased vehicle costs and inflation factors. She stated that the Division had tested a pilot program for daily pool services with Enterprise Rent-A-Car. After a competitive bid process a contract was awarded to Enterprise making outsourced daily pool services available statewide. In addition, she stated that the Division had upgraded the card reader and tank monitor to reset equipment through automation instead of driving to the location, allowed automatic polling of fuel tank inventories and Biodiesel was provided at State fuel sites.

Division of Risk Management - Roger Livingston, Director

Director Livingston was excused, and Executive Director Hood presented an overview of the functions of this Division. She explained that since FY 2001 Workers' Compensation had intentionally kept premiums low in order to reduce retained earnings. This trend changed in FY 2005 as revenues increased, and the Legislature funded a COLA increase on which the rate was applied. Expenditures, however, didn't rise as expected in FY 2006; and in FY 2007, the expenditures did increase to levels sufficient to decrease retained earnings. Finally, she stated that regarding budget requests, no changes are proposed.

Division of Facilities Maintenance - D. Gregg Buxton, Director

Executive Director Hood stated that the FY 2007 budget for this Division was \$21,291,686 with 123 FTEs. She explained that the services of the DFCM internal service fund are optional. Currently this Division contracts with agencies to provide services for over 170 facilities throughout the State with 6.2 million square feet of space.

Director Buxton stated that at an average of \$3.86 per square foot in FY 2007, DFCM's maintenance rates are about 56 percent of rates paid by the federal government in 2005 and are lower than national private and local private rates. He also stated that a DFCM ISF Rate Analysis had been conducted and out of 89 program rates 77 remained the same, 9 increased and

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3 decreased. The FY 2009 budget request is for three FTE's and three vehicles and \$232,000 Dedicated Credits.

Co-Chair Jenkins proposed reducing the list of capital development requests for funding to be heard by the Subcommittee. He asked Subcommittee members to be prepared to review the projects on the list to see where the requests could be reduced.

The meeting was adjourned at 3:10 p.m. by Co-Chair Jenkins.

The minutes were reported by Bonnie Brinton.

Sen. Scott K. Jenkins
Committee Co-Chair

Rep. Kevin Garn
Committee Co-Chair